

Message Text

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INFO AMCONSUL KARACHI

AMCONSUL LAHORE

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E.O. 11652: N/A

TAGS: EIND, PK

SUBJECT: GOP TO NATIONALIZE "ROAD TRANSPORT"

SUMMARY. AT A PUBLIC MEETING, PRIME MINISTER BHUTTO ANNOUNCED THAT ALL "ROAD TRANSPORT" IN PAKISTAN WOULD BE NATIONALIZED "AT AN APPROPRIATE TIME." WHEN REMINDED OF HIS PREVIOUS ASSURANCES THAT NO MORE INDUSTRIES WOULD BE NATIONALIZED UNTIL AFTER NEXT GENERAL ELECTIONS, PM REPLIED, "ROAD TRANSPORT IS NOT AN INDUSTRY BUT A SERVICE TO THE PUBLIC." NOT CLEAR IF GOP INTENDS NATIONALIZE ALL ROAD TRANSPORT OR MERELY BUS SERVICE BUT PROBABLY ONLY LATTER. GENERAL PUBLIC NOT LIKELY TO APPRECIATE DISTINCTION BETWEEN INDUSTRY AND SERVICE. PM'S STATEMENT CAN ONLY DAMPEN ALREADY DEPRESSED PRIVATE INVESTMENT CLIMATE AND STRENGTHEN SUSPICIONS OF BUSINESSMEN THAT PM'S ASSURANCES CANNOT BE TAKEN AT FACE VALUE. END SUMMARY.

1. WE ARE REPEATING THE FOLLOWING CABLE FROM CONGEN LAHORE.

2. BEGIN TEXT. DURING "OPEN KUTCHERY" (PUBLIC GRIEVANCE HEARING) HELD IN LAHORE APRIL 7, ACCORDING TO PRESS REPORTS, PRIME MINISTER BHUTTO INTERRUPTED CHIEF MINISTER RAMAY--WHO
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WAS TRYING TO RESPOND TO COMPLAINT FROM HAYAT MOHAMMAD,

GENERAL SECRETARY OF PAKISTAN MOTOR TRANSPORT FEDERATION (PMTF)-- AND ANNOUNCED GOVERNMENT'S INTENTION TO NATIONALIZE ALL "ROAD TRANSPORT" IN PAKISTAN "AT AN APPROPRIATE TIME." HE SAID HE HAD FIRST THOUGHT OF MOVE WHILE ON BUS TRIP FROM LAHORE TO SRINAGAR IN 1945. HAYAT MOHAMMAD OBJECTED THAT PRIME MINISTER HAD PREVIOUSLY ASSURED PUBLIC THAT NO MORE INDUSTRIES WOULD BE NATIONALIZED UNTIL AFTER NEXT GENERAL ELECTION. BHUTTO RETORTED, "ROAD TRANSPORT IS NOT AN INDUSTRY, BUT A SERVICE TO THE PEOPLE."

3. GOVERNMENT-CONTROLLED PAKISTAN TIMES APRIL 8 REPORTED THAT, THEREAFTER, "THE TRANSPORTERS ALSO OFFERED THE ENTIRE FLEET AT GOVERNMENT DISPOSAL AT REASONABLE PRICES." PAPER NOTED THAT BHUTTO SAID GOVERNMENT WAS IN NO HURRY TO FINALIZE NATIONALIZATION, AND THAT HE ASSURED OWNERS THAT "NO INJUSTICE" WOULD BE DONE TO TRANSPORTERS. CHIEF MINISTER RAMAY REPORTEDLY TOLD PMTF THAT FIRST STEP WOULD BE TAKEOVER OF MAIN BUS ROUTE BETWEEN LAHORE AND LYALLPUR, ALTHOUGH PRIVATE BUSES WOULD BE ALLOWED TO CONTINUE TO PLY SECONDARY ROUTE.

4. POSSIBILITY OF NATIONALIZATION OF THIS "SERVICE" FIRST CAME TO OUR NOTICE THROUGH GOPUNJAB ANNOUNCEMENT CARRIED IN PAKISTAN TIMES APRIL 3, WHICH NOTIFIED BUS OWNERS THAT GOVERNMENT PROPOSED TO TAKE OVER EIGHT MAJOR BUS ROUTES ON JULY 1, 1975. THIS WAS FOLLOWED BY TWO-COLUMN AD BY PMTF IN PAKISTAN TIMES APRIL 5, WHICH APPEALED TO PRIME MINISTER TO REVERSE NATIONALIZATION PLANS OF PUNJAB GOVERNMENT. AD ARGUED THAT BHUTTO HAD PUBLICLY ASSURED BUSINESSMEN THERE WOULD BE NO FURTHER NATIONALIZATIONS UNTIL AFTER ELECTIONS, THAT BUS SERVICES RUN BY PUNJAB GOVERNMENT WERE INADEQUATE, THAT NATIONALIZATION WOULD CAUSE UNEMPLOYMENT IN ANCILLARY BUSINESSES, THAT BUS OWNERS WERE "POOR PEOPLE" AND THAT BUSES REMOVED FROM NATIONALIZED ROUTES COULD NOT BE ECONOMICALLY ABSORBED ON OTHER ROUTES.

5. CONGEN COMMENT. BHUTTO AND RAMAY LEFT SEVERAL QUESTIONS UNANSWERED IN RESPONDING TO THIS ISSUE. WHILE THEY PRESUMABLY HAVE IN MIND ONLY NATIONALIZATION OF BUS SERVICE, LIMITED OFFICIAL USE

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THEY REPEATEDLY USED TERM "ROAD TRANSPORT," WHICH COULD INCLUDE TRUCKS. THEY ALSO LEFT UNCLEAR WHETHER GOVERNMENT INTENDS TO TAKE OVER OWNERSHIP AND MANAGEMENT OF PRIVATE BUS COMPANIES, AND PAY COMPENSATION, OR WHETHER IT WILL MERELY CANCEL SELECTED ROUTE PERMITS OF PRIVATE OWNERS, LEAVING THEM TO FEND FOR THEMSELVES ON LESS DESIRABLE ROUTES.

6. BHUTTO'S RESPONSE TO PMTF IS SEEN HERE AS PURE

SOPHISTRY. SEVERAL OF OUR CONTACTS, LIKE HAYAT MOHAMMAD AT MEETING, HAVE ARGUED THAT "SERVICE," "INDUSTRY," AND "BUSINESS" ARE SYNONYMOUS, BUT FACT IS THAT PPP MANIFESTO (CHAPTER IV B) SPECIFICALLY STATES THAT PPP GOVERNMENT "WILL ALSO TAKE OVER PUBLIC ROAD TRANSPORT, WHETHER OF PASSENGERS OR GOODS, WHEN IT IS NECESSARY TO RUN IT ON A LARGE SCALE." LAHORE BUSINESSMEN WITH WHOM WE HAVE DISCUSSED MATTER ARE CONGNIZANT OF THIS PROVISIO AND HAVE CITED BHUTTO'S STATEMENT AS YET ANOTHER EXAMPLE OF "DECEPTION" WHICH WILL FURTHER ERODE PRIVATE INVESTOR CONFIDENCE. HOWEVER, SOME EXPECT BHUTTO TO LIMIT GOPUNJAB NATIONALIZATION TO ANNOUNCED EIGHT ROUTES, AND TO WITHHOLD FURTHER STEPS UNTIL AFTER NEXT ELECTIONS IN EFFORT TO MOLLIFY BUSINESS COMMUNITY.

7. BUS OWNERS ARE UNDERSTOOD TO BE MIXED GROUP, INCLUDING SOME MEMBERS OF PPP AND OF OPPOSITION PARTIES. MOST OWNERS, HOWEVER, APPEAR TO BE APOLITICAL, AND LARGE NUMBER OF BUSES ARE OWNED JOINTLY BY SHAREHOLDERS WHO HAVE NO DISCERNABLE POLITICAL CONNECTIONS.
END TEXT

8. EMBASSY COMMENT. WE AGREE WITH CONGEN LAHORE THAT FEW MEMBERS OF ROAD TRANSPORT INDUSTRY OR PRIVATE SECTOR IN GENERAL WILL APPRECIATE THE DISTINCTION BETWEEN "SERVICE," "INDUSTRY," AND "BUSINESS." A SAMPLING OF THE BUSINESS COMMUNITY HERE INDICATES THAT THE PRIME MINISTER'S REMARKS HAD AN IMMEDIATE DAMPENING EFFECT ON THE ALREADY DEPRESSED PRIVATE INVESTMENT CLIMATE AND STRENGTHENED SUSPICIONS OF MANY BUSINESSMEN THAT ASSURANCES OF THE PRIME MINISTER TO THE BUSINESS SECTOR SHOULD NOT BE TAKEN AT FACE VALUE. WHILE THE PRIME MINISTER'S REMARKS DID NOT MAKE CLEAR WHETHER HIS REMARKS WERE MEANT TO INCLUDE THE TRUCKING LIMITED OFFICIAL USE

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INDUSTRY, BUSINESSMEN WHOM WE HAVE QUESTIONED BELIEVE THAT HE HAD ONLY BUSES IN MIND. THEY SAY THAT THE NATIONALIZATION OF THE TRUCKING INDUSTRY WOULD PARALYZE THE ECONOMY.

9. AS REGARDS THE BUS INDUSTRY, THERE HAVE FOR YEARS BEEN COMPLAINTS ABOUT THE QUALITY AND SAFETY OF PRIVATE BUS SERVICE. THIS HAS LED TO SOME DISCUSSION IN THE PAST OF NATIONALIZATION AS A SOLUTION. IN THIS AREA OF THE COUNTRY, THE GOVERNMENT-OWNED INTER-CITY BUS LINE HAS A BETTER REPUTATION THAN THE COMPETING PRIVATE LINES.
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